

# Consumer Financial Protection Bureau

## Protecting Older Adults from Scams and Financial Exploitation – An Update from the Office for Older Americans

June 22, 2016



### Disclaimer

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*This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance or advice of the Bureau.*



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### Consumer Financial Protection Bureau (CFPB)

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- Created in Dodd-Frank Wall Street Reform and Consumer Protection Act; launched July 2011
- Mission: The consumer bureau is a **21st century agency** that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.



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### Consumer Financial Protection Bureau (CFPB)

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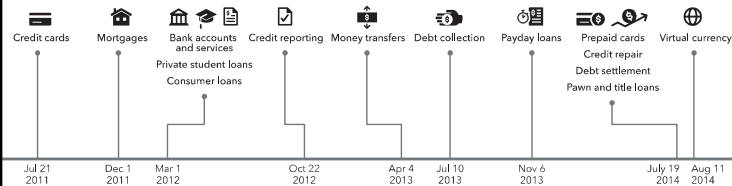
#### Core functions:

- Empower
- Enforce
- Educate



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## Complaints we accept now



As of June 1, 2016, we've handled over **906,000 complaints**



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## Office for Older Americans (OA)

- Mission: help consumers 62+ to get the financial education and training they need to:
  - Prevent unfair, deceptive and abusive practices aimed at seniors
  - Help seniors make sound financial decisions as they age.
- The only office in the federal government specifically dedicated to the financial health of seniors



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## A growing population

- The number of older consumers 65+ is expected to double between 2000 and 2030 - from 35 million in 2000 to 73 million in 2030.
- Nearly 10,000 adults turning 65 years old everyday.
- People are living longer – On average, Americans reaching age 65 today will live to about 85.



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## Some challenges faced by older consumers

- Limited time horizon to recover financial loss.
- Higher incidences of diminished capacity and cognitive impairment.
- More likely to be targets of scams and fraud.
- Fixed/Limited incomes.



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## Consumer Guide: Considering a Reverse Mortgage?

### Important questions to ask:

- Are the borrowers the only people who live in the home?
- Can you afford your living expenses, property taxes, and insurance?
- Do you plan to remain in the home for a long time?
- Can you wait until you're older?

### Consider alternatives:

- Wait (the older a borrower is, the more he or she can borrow)
- Refinance your current mortgage
- Alternative home equity products might be cheaper
- Lower your expenses (consider downsizing to a more affordable home)



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## Consumer Advisory: Reverse Mortgage Ads

Ads for reverse mortgages are found on television, radio, in print, and on the internet

Many ads feature celebrity spokespeople discussing the benefits of reverse mortgages without mentioning risks



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## Consumer Advisory: Reverse Mortgage Ads

Consider these facts when you see advertisements:

- A reverse mortgage is a home loan, not a government benefit
- You can lose your home with a reverse mortgage
- Without a good plan, you could outlive your money



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## Senior Designations: A Confusing Marketplace

APA ARPC CEPS CEBS CPC CRA CRC CRFA CRPS CRSP CSA CSC CSFP  
CASL CRPS CRPC CSFP CRO DRP ECS MCPS QPA QPFC REBC RIS RIC RA  
RFC RPC RPA RS SBC SFP

Senior Pension Consultant • Senior Markets Manager •  
Senior Investment Executive • Senior Financial Advisor •  
Senior Benefits Consultant • Retirement Planning  
Specialist • Retirement Advisor • Retirement and  
Investment Consultant • Retirement and Estate Planning  
Consultant • Personal Retirement Planning Specialist •  
Elder Care Specialist • Director of Retirement Plans •  
Chief Retirement Officer



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## Consumer Guide: Know Your Financial Adviser

### Important questions to ask:

- Does the title or certification require college-level coursework?
- Do you know how your adviser is paid?
- Can you file a complaint if you have a problem?
- Is the credential from an accredited organization?

### Red Flags:

- “Educational” investment workshops
- Freebies like meals and golf trips
- High pressure tactics and exaggerated claims (low risk, high return, act now!)



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## OA Initiatives: Managing Someone Else's Money

### PROBLEM:

- Declining capacity to handle finances can make older adults vulnerable
- People with diminished capacity often need surrogate to handle their money
- “Lay fiduciaries” – critical source of help; often have no training; some even commit fraud



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## OA Initiatives: Managing Someone Else's Money

### CFPB INITIATIVE:

- Released a set of guides called **Managing Someone Else's Money**
- User-friendly “how-to” guides for agents under powers of attorney, guardians, trustees, Social Security representative payees and VA fiduciaries
- English and Spanish
- Available free in bulk  
<http://promotions.usa.gov/cfpbpubs.html>



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## OA Initiatives: Managing Someone Else's Money

### STATE SPECIFIC GUIDES:

- Virginia, Florida, and Oregon available now
- Upcoming: Arizona, Illinois, and Georgia
- Also available: a replication manual for other states



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## OA Initiatives: Money Smart for Older Adults

- PROBLEM:
  - Many older Americans, their caregivers, and others in the community don't know how to spot and avoid frauds and scams.
- CFPB INITIATIVE:
  - The Office developed an awareness program called **Money Smart for Older Adults** in collaboration with the FDIC.
  - Content on common issues facing seniors, including how to identify a potential scam or fraud
  - Materials for trainers to provide presentations on preventing, recognizing, and reporting elder financial exploitation

## Curricula Format

Money Smart for older adults is a stand-alone instructor-led module that includes:

- Instructor Guide
- Power Point
- Participant Resource Guide (English and Spanish)

The module is available for download from [www.fdic.gov/moneysmart](http://www.fdic.gov/moneysmart) and the Participant Guides can be ordered in bulk from [www.consumerfinance.gov/older-americans](http://www.consumerfinance.gov/older-americans)

## Money Smart for Older Adults Module Topics

- Common Types of Elder Financial Exploitation
- Identity Theft
- Medical Identity Theft
- Scams Targeting Homeowners
- Scams Targeting Veterans Benefits
- Planning for Unexpected Life Events
- How to Be Financially Prepared for Disasters

## Serving up hot meals with Consumer Education

**You have the right to be free from scams**

**Never "pay to play"**  
You cannot win a lottery or sweepstakes you did not enter, and a legitimate sweepstakes will not ask for money upfront.

**Take your time**  
Scammers often claim an emergency hoping you will take quick action without checking out the situation.

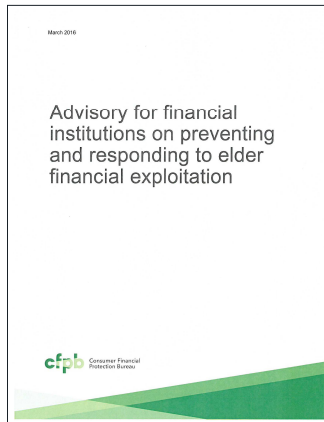
**Check with loved ones**  
Before offering to help a grandchild or other loved one, call them to be sure the request is real.

**ENTER TO WIN!**

**cfpb** Consumer Financial Protection Bureau

An official publication of the U.S. Government  
Learn more at [consumerfinance.gov](http://consumerfinance.gov) or by calling 855-411-2372.

## Financial Institutions Advisory



## Financial institution role in preventing and responding to elder financial exploitation

### ■ CHALLENGE:

- Banks and credit unions are uniquely positioned to prevent and respond to elder financial abuse
- While some banks and credit unions have comprehensive approaches to protecting older account holders, many have room for improvement
- GAO report 2012: Adult protective services and criminal justice officials told GAO that financial exploitation generally underreported by banks

### ■ CFPB INITIATIVE:

- Advisory & Recommendations to financial institutions on preventing & responding to elder financial exploitation released 3/23/16
- Best practices to enable *banks and credit unions* to prevent elder financial abuse and intervene effectively when it occurs

## Overview of recommendations

- Develop, implement & maintain protocols for protecting account holders
- Train employees
- Detect elder financial exploitation by harnessing technology
- Report suspicious activity
- Protect older account holders via spectrum of practices and services
- Collaborate with other stakeholders

## Consumer Information: Debt Collection Problems

Here's what you can do:

1. Get more information if you don't recognize the debt
  - Ask the debt collector for the company's name and address
2. Dispute the debt if it's not yours or the amount is wrong
  - Write a letter disputing the debt or any portion of the debt

## Consumer Information: Debt Collection Problems

Here's what you can do:

3. Stop harassing and/or offensive calls
  - Send a letter to the debt collector telling it to stop contacting you
  - Telling a debt collector to stop contacting you does not stop the collection
4. Know your rights: Your federal benefits have many protections from garnishment in collection
  - If you are not sure if your federal benefits are being wrongfully garnished, you should seek legal advice



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## Consumer Information: Debt Collection Problems

You can also:

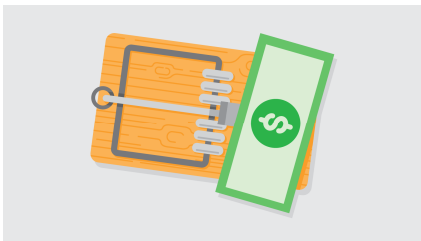
- Submit a debt collection complaint to the CFPB online ([consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)) or by calling 855-411-2372
- Tell us your story, good or bad, about your experience with consumer financial products ([consumerfinance.gov/your-story](https://consumerfinance.gov/your-story)).



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## Consumer Advisory: Asset Recovery Scams

So-called asset recovery company contacts the defrauded older consumer claiming that they can get their money back for an upfront fee of several hundred to thousands of dollars



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## Consumer Advisory: Asset Recovery Scams

Don't be scammed twice!

Here are some warning signs:

- Upfront fees to recover money
- Claims of insider information and connections
- Requests for secrecy

Download our asset recovery advisory at [http://files.consumerfinance.gov/f/201602\\_cfpb\\_consumer-advisory\\_asset-recovery.pdf](http://files.consumerfinance.gov/f/201602_cfpb_consumer-advisory_asset-recovery.pdf)



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## Contact

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